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AUTHOR Zody, Richard F.
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ABSTRACT

This packet contains the materials necessary for presentation of the third of ten modules that comprise a portion of the National Training and Development Service Urban Management Curriculum Development Project. The management by objectives module presents a framework for identifying, integrating, monitoring, and evaluating the goals and objectives of both public agencies and individuals within these agencies. The module utilizes a case study format for the simulation of management by objectives application. The packet includes an instructor's manual, instructor's materials, simulation materials, a bibliography, and student/participant materials. (Author/MK

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MANAGEMENT BY OBJECTIVES

Prepared by Dr. Richard E. Zody

Module Number Three
of
POLICY/PROGRAM ANALYSIS AND
EVALUATION TECHNIQUES Package VI

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Richard E. Zody

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Instructor's Manual

Rationale

Management by objectives, or MBO, provides a more effective framework for identifying, integrating, monitoring and evaluating the goals and objectives of both public agencies and individuals within these agencies. Thus, MBO can increase the accountability of public agencies by providing timely information to elected officials and the public regarding agency effectiveness and effeciency in carrying out its programs and objectives. Moreover, MBO serves public managers in the same fashion as it does their elected officials and the general public.

This module presents a framework for familiarizing pre- and in-service personnel with MBO, including its affects and effects upon employees, agencies, and programs. The module utilizes a case study/problem scenario to provide the framework for the simulation of an MBO application in the public sector. Through role-playing, the module permits learners to come to grips with and understand the dynamics of individual behavior in managing by objectives.

Goals and Objectives

The goal of this module is to familiarize learners with the process of managing by objectives. To achieve this goal (an intention), the module examines:

1. The relationship of employee commitment and agency productivity.

2. The application of MBO in the public sector including some pitfalls to be avoided.

3. Techniques for establishing organizational goals, objectives, action plans, performance evaluation, and dealing with organizational and individual dynamics in the application of these techniques.

4. Implications of MBO for public managers and individual employees of government.

Description of Instructor

The instructor for this module should have experience in educating and training pre- and/or in-service public personnel. It is strongly recommended that the instructor have more than a textbook or theoretical

knowledge of government. While the module is designed for pre-service learners it assumes that the instructor has had some experience with public management. On the other hand, the module assumes that the instructor has experience in using adult learning strategies and group dynamics. It is not expected that an academic lacking experience with public management or a practitioner lacking teaching experience would be appropriate as instructors. The module assumes that the instructor is familiar with the materials presented in the bibliography. At a minimum, the instructor should have read those bibliographic items which are marked with an asterisk; double asterisked works should be studied particulary close.

Description of Audience

The module is designed to be used with participants who are pre- or in-service public personnel, elected or appointed. It assumes at least a basic understanding of the nature of government, public agencies and management. The module is designed for twenty participants. It is recommended that the instructor use an assistant instructor for groups of more than ten persons; if there are more than twenty participants, then an additional instructor should be used.

Description of Setting

The module requires, at a minimum, a room with flexible seating arrangements that permit writing by participants (seating-writing arrangements should equal the number of participants). Too, the room should have a large chalkboard, space for posting newsprint, newsprint stands, and overhead projection capacity (optional). The room should be capable of isolating the participants from external disruptions. Finally, if possible, it is recommended that two other, smaller rooms be available for small group work sessions. These rooms should have seating-writing facilities, a chalkboard, and newsprint stands.

Time Needed

The module requires, at a minimum, twenty hours (including breaks and meals) of contact time. Prior participant preparation is estimated at one hour. Prior instructor preparation is estimated at forty hours depending upon the application of the module and assuming the instructor meets the previously stated criteria.

While the module is intended as a generic urban management training/education exercise, the experienced instructor/trainer will need, and is encouraged, to make modifications to the module to fit the participant group's needs; just as one customizes each MBO application so that it merges with the unique aspects of the receiving organization.

It is recommended that the instructor provide participants with their materials about two weeks prior to delivery of the module.

Resources and Activities

1. Transparencies are instructional options, indicated at appropriate places in the instructional manual.

2. It is assumed that participants will be familiar with their materials prior to delivery of the module.

3. In some module presentations, the instructor may wish to prepare additional role-playing information. It is not recommended that these be distributed in advance of the module delivery.

4. In general, the module strives to mix lecture, role-playing, and feed-back so that the participants will develop an understanding of theory and applications, and develop a capacity for dealing with the dynamics of MBO.

5. Transparencies, overhead projector, newsprint, newsprint stands, masking tape, felt-tip marking pens, chalk board, chalk, participant notebook, and 5" X 8" cards.

6. The instructor should provide participants with a schedule of activities prior to the delivery of the module.

7. At the beginning of the module, the instructor should distribute a syllabus of the module, including major points, and other materials designed to reduce the writing effort required of participants.

Instructional Materials

Overview

The following presentation consists of the MBO applied in the public sector. Since the entire presentation cannot be made in twenty contact hours, various activities are indicated as optional. It will be left up to the instructor to ascertain which of these activities should be included, excluded, or modified.
Usually, the participants will be able to work through the organizational objectives, individual objectives (personal and organizational), action plans (and modification thereof) activities, and performance appraisal, and the periodic review activity. If more time should be available it is recommended that, in preferential order, departmental and divisional objectives and activities be

brought into the delivery of the module. Given the optional elements of this module, no training schedule is provided. As indicated earlier, it is important that the instructor provide a custom-designed schedule for each delivery with built-in flexibility. A copy of the basic student materials is provided in the instructional materials.

Quite simply the instructional materials walk the instructor through the module, beginning with Activity 1. It should be stressed, that the instructor will need to work-up personalized presentation materials to take advantage of personal skills and strengths, and to fit the presentation to the needs of the client group. At a minimum, such modifications may simply involve changes in Figure 1 and developing appropriate discussion outlines. At a maximum, the required modifications may be extreme. For example, the present module would require considerable modification if delivered to a governor and key department heads, or if the module were delivered to a group of elected officials such as city council members. Such modifications would be extreme however, only in the instructor's effort - the process of MBO in the public sector as presented here, is generic. Since the MBO process is similar within the public sector, the case study/scenario could be used in most situations. The author recommends, however, modifying the superficial characteristics of the case study/scenario to fit the client group.

Activity 1 (.50 hr.): Mixer

Objectives:

(1) to provide participants with the opportunity to know each other

(2) to provide participants with opportunity to specify their objectives in participating in the module

(3) to provide the participants with an awareness of the module's objectives

The instructor should ask each participant to introduce the person to their right to the group, providing a brief biography of that individual. The instructor should begin the process by introducing the person to his or her right.

After the introductory process, the instructor asks each participant to fold the provided 5 x 8 cards in half, and to print their names on it. These cards should be placed so that other participants can see the name (later the participants will use the other side of the card for their role name and title).

The instructor should then ask each participant to tell the group their objectives in attending the workshop. The objectives of each participant should be recorded on the newsprint (identifying the owner) and these objectives should be posted around the room; then the instructor should provide the group with the module's objectives, posting these in the room. The instructor should then solicit questions about posted objectives. After clarification of any questions which arise, the instructor should introduce the participants to Activity 2.

Note: The participants will be asked, at the end of the module, to assess the module in terms of their objectives and those of the module. Too, the instructor should play a "helping" role in assisting the participants to articulate their objectives but should not attempt to modify or change these objectives.

Activity 2 (1.00 hr.): Lecture, "MBO"

Objective: to familiarize participants with the background, underlying theories and nature of MBO.

Recommended Instructional Topics:

1. What is MBO? (careful attention should be given to the student materials and the attached Figure 1, so that overlap is kept to a minimum)

2. Brief MBO history
   a. Private sector usage
   b. Public sector usage
   c. Reasons for the growth of MBO

3. Employee commitment and agency productivity: differing approaches and assumptions
   a. Theory X and its consequences
   b. Theory Y and its consequences
   c. Productivity, personal and organizational needs
   d. Leadership styles and productivity

4 Important conditions for successful MBO
   a The roles of chief administrative officials, including
      1) commitment throughout the time-span required for MBO implementation (stress that MBO is not a short-run system)
      2) involvement
      3) continuing support
      4) assuring that MBO is more than performance appraisal
      5) clarifying management philosophy and organizational goals
      6) assuring integration of MBO with other organizational systems
   b. Organizational assessment
      MBO must be custom-fitted to the organization. In addition to other considerations, the assessment should include,
      1) ascertainment of feasible objectives
      2) ascertainment of operating assumptions
      3) ascertainment of appropriate change strategies
   c. Organizational development and change, including
      1) promoting behavioral changes by assuring meaningful goals and objectives, and allowing for self-evaluation
      2) building in training and re-training to develop and support personal compentencies
      3) maintaining personal and organizational flexibility
      4) assuring a minimization of time pressures
      5) ample consideration of motivational factors (rewards and penalities must be tied together)
      6) consideration of personal and organizational goals as these relate to the work setting

Activity 3 (.50 hr.): Personal Goals and Objectives

Objective: to provide participants with an exercise in developing goals and objectives.

1. The participants are asked to develop, individually, two goals and three objectives for each goal.

2. These are shared with fellow participants.

3. The instructor should then guide the participants in a discussion of the kinds of problems they faced in accomplishing the objective of this activity, using it as an opportunity to re-enforce the lecture materials, particularly that which deals with goals and objectives. This feedback will assist the participants later in the module.

Activity 4 (.50 hr.): Lecturette: "MBO Process and Introduction to the Case"

Objective: to familiarize participants with the MBO process in the public sector and to provide an understanding of the dynamics of the case.

1. If not provided in advance, the instructor should distribute Figure 1 at this time.

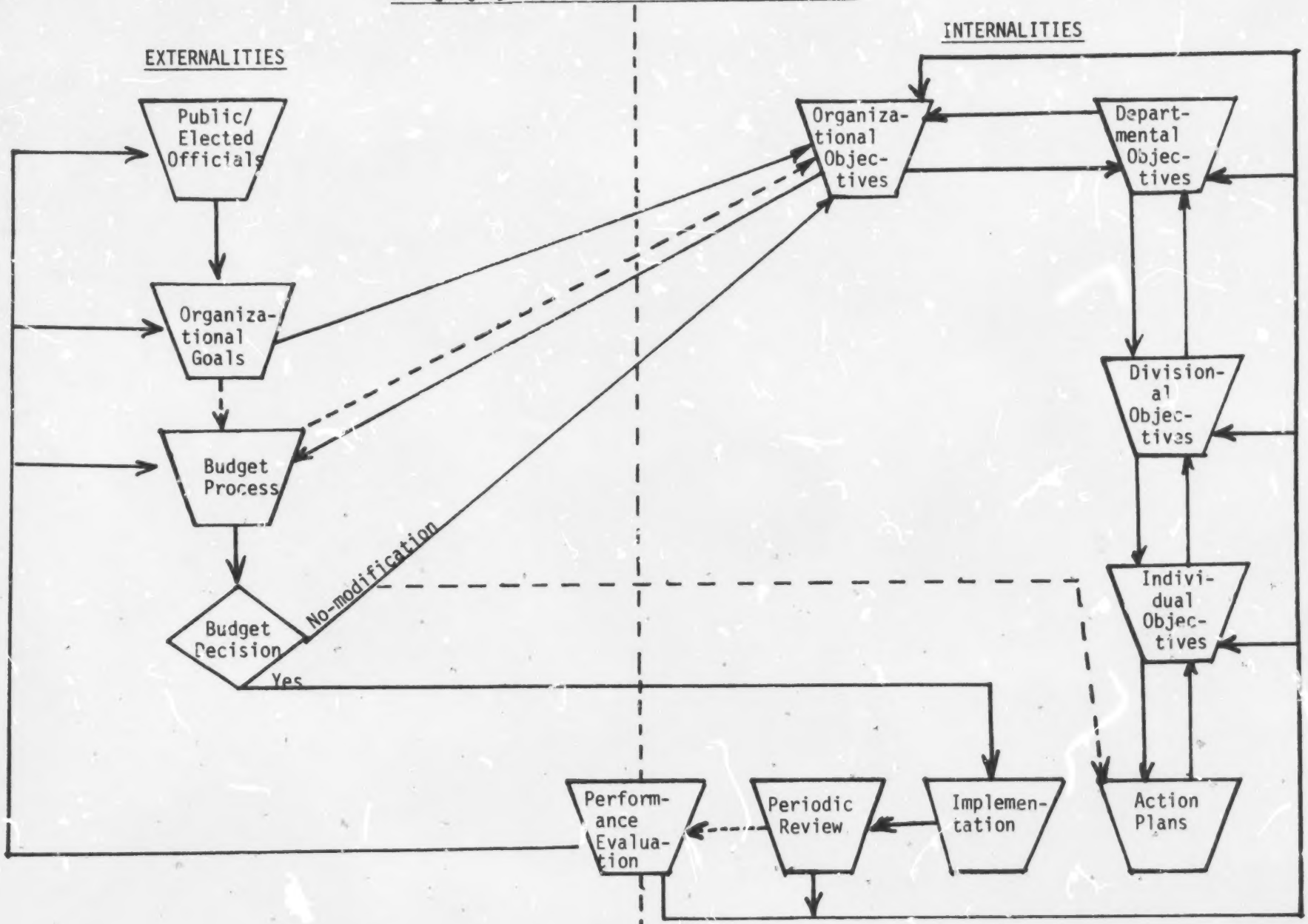
2. Discussion of Figure 1:

a. Public/Elected Officials
The instructor should convey the roles of the public and elected officials in the MBO process, including the positive and negative aspects of this involvement, and alternatives. In some environments, for instance, the public/elected officials may have completed a "Goals for the Community" project. In such a case, the organizational task is to develop objectives for working towards those goals. In those environments in which there is not such a document, the appropriate decision maker has a number of alternatives: to implement a "Goals" project, or to consult with elected officials in developing a goals document from existing materials. Regardless, it should be made clear that an appropriate goals document is essential to implementing MBO. (The alternatives account for the two goal input sources into the organization.)

b. Organizational Goals and Strategic Plans.
Although organizational goals and strategic plans are not presented explicity in Figure 1, the participants should understand that organizational goals are unnecessary in the public sector when there is an existing set of clearly understood goals (including a goals document). If this is not the case, then--as indicated earlier--the responsible official needs to develop a set of organizational goals. Strategic planning is relatively new to many areas in the public sector. Although it is covered in another module of this set, the instructor should indicate that strategic planning is concerned with the allocation of the appropriate resources to achieve the identified goals. Often such planning will require multi-year funding (using program budgeting for example). The basic elements of strategic planning

Figure 1

Managing by Objectives in the Public Sector



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include an assessment of the organizational capabilities to achieve goals and an analysis of its supporting, external environment. Strategic planning may be characterized then as a process of matching "can do" with "might do."

c. Organizational Objectives
The participants should clearly understand that all objectives must have the characteristics of specificity (including performance, programs, and the results to be accomplished), attainability, verifiability (quantified and/or described), time-bound, and prioritized. Since the major purpose of MBO is to provide a process for achieving objectives, the initial question needs to be, "What things determine the success or failure of accomplishing a goal?" In the public sector a number of factors affect the accomplishment of goals, including resources (fiscal and human), services (internal and external), capital facilities, planning, the organizational structure and functions, research activities, and the organizational environment (internal and external).

d. Introduction to the Case
Instructional note: much of the remainder of the module will deal with the other aspects of Figure 1. Thus, it is recommended that only an overview of Figure 1 should be given at this time.

(1) The instructor should review the case with the participants at this time. At the instructor's discretion, roles may be assigned to, or selected by, the participants. In either case, it is preferable that the participant be familiar with the particular role but that the role not be the participant's present position. Where it is known that a participant is strongly pro- or anti-MBO, it is recommended that the participant play an opposite role. Finally, the instructor may wish to develop additional role information for distribution at this time. Such information should be provided only to the particular actor. However, it is not recommended that the instructor engage in such modifications unless he or she is experienced in role reversal strategies and group dynamics. Since, for some people, role-playing is extremely difficult or impossible, the instructor should indicate that he or she will serve as a neutral resource person for the group or an individual.

(2) The instructor should resolve any questions that the participants have, at this time. Too, the instructor

should indicate that one hour will be allocated to the activity.

Activity 5 (1.00 hr.): Role-Playing of a Department Heads' Meeting.

Objective: to provide participants with an opportunity to develop objectives in a simulated environment.

Instructional note: The instructor should inform the group that they have been called together by the Manager for the purpose of developing objectives to accomplish Gobbler City's Goals. In addition, the instructor should indicate that the group is free to use the resources in the provided materials and the instructional rooms, as they deem necessary. The instructor should prepare, in advance, a newsprint with the Gobbler City Goals and post these for all to see.

Activity 6 (.50 hr.): Process

Objective: to provide participants with an opportunity to evaluate and discuss the previous exercise.

1. The instructor should post the objectives developed by the Gobbler City staff.

2. The participants should be asked to give their reactions to the exercise (problems, frustrations, etc.).

3. The instructor should then convey his evaluation in terms of the previously given objectives criteria.

4. Finally, the instructor should endeavor to resolve any questions raised by the participants.

Activity 7 (.25 hr.): Lecturette, "Departmental Objectives"

Objective: to provide participants with the background for developing sub-objectives in a simulated environment.

The instructor should convey to the group the relationship between organizational objectives and departmental objectives: the latter are derived from the former. In the real world situation, it is likely that a department may derive a number of objectives from an organizational objective. Regardless, the department's objectives should not be too numerous. One commonly suggested rule is to focus on that twenty percent of activities which generate eighty percent of the results. Since all of the departmental objectives will need to be prioritized within and among departments, a process needs to be developed to for this activity in the real world. Such a process may be one of negotiation,

arbitrary decision, or it may be derived from existing constraints. In addition, departmental objectives need to meet the previous objectives criteria with more precision.

Activity 8 (.50 hr.): Role-Playing (Optional)

Objective: to provide participants with the opportunity to develop departmental objectives in a simulated environment.

Participants are to play their previous role in developing an objective for their department which is derived from one or more of the organizational objectives, this may be done individually. However, the actors must negotiate the priority of their objective with the manager.

Activity 9 (.50 hr.): Process (Optional)

Objective: To provide participants with an opportunity to understand the problems inherent in activity 8, particularly that of developing and negotiating an objective.

The instructor should, as before, draw out the participants' thoughts and motives in arriving at the selected objective, and the problems they faced in the process. In addition to encouraging participant interaction on these questions, the instruction should provide the participants with feedback.

Activity 10 (.25 hr.): Lecturette, "Divisional Objectives" (Optional)

If given, this should be patterned after Activity 7, with appropriate modifications, including a consideration of the relationships between departmental and divisional objectives.

Activity 11 (.50 hr.): Role-Playing (Optional)

If utilized, this activity should be patterned after Activity 8, with appropriate modifications including particular stress on divisional objectives which follow from the departmental objectives.

Activity 12 (.50 hr.): Process (Opcional)

If used, this activity should be patterned after Activity 9, with appropriate modifications.

Activity 13 (.75 hr): Lecturette, "Individual Objectives"

Objective: To provide participants with an understanding of the citical relationships that personal and job objectives of the individual have to the organization's various objectives.

Recommend Instructional Topics:

1. The Role Of The Individual In The Organization.
2. The Impact Of The Individual On Organizational Results.
3. Involving The Individual In The Organization.
4. Interfacing Individual And Organizational Needs For Improved Results.
5. Personal And Performance Objectives.
6. Identifying And Utilizing Personal And Performance Objectives.
7. Measuring Results: When, How, Where, Why?

Activity 14 (1:00 hr.): Role-Playing

Objective: To provide participants with an understanding of the importance of individual personal and performance objectives.

The instructor should divide the group into sets of two persons. (dyiads). Each individual is instructed to develop two personal and two performance objectives in terms of their role, using their partner as a peer resource.

Instructional Note:

It is recommended that the instructor develop customized forms for the use of participants in this exercise.

Activity 15 (.50 hr.): Sharing

Objective: To allow participants to discover the pattern and range of problems in developing personal objectives.

In this activity, each participant should share their reactions to their partner's objectives as well as their own objectives. This peer reviewing (allow for participant interaction) should be supplemented by the instructor's feedback. The instructor should provide an opportunity for the participants to ask questions about their problems in this exercise (usually, participants will have a great deal of difficulty in developing personal objectives which meet the criteria), and to lead the group in ascertaining answers to the questions raised. The instructor should tell the participants to retain their objectives for future use in the module.

Activity 16 (.50 hr.): Role-Playing

Objective: To provide participants with an opportunity to observe the negotiation of personal objectives and to critically appraise the process.

In this activity the instructor selects two persons who were together in the simulated roles. These individuals are asked to negotiate their personal and performance objectives with each other in their respective roles.

Activity 17 (.50 hr.): Assessment

Objective: To enable the group to learn negotiation processes and to understand the impact of the negotiations upon results.

The instructor should guide the participants in objectively criticizing the participants negotiations. The instructor should ensure that the participants understand the importance of negotiation dynamics and the consequence of these to personal objectives.

Activity 18 (.75 hr.): Round-Table

Objective: To provide participants with the opportunity to raise questions about what has developed in the module to this point, and present "backhome problems" that may represent difficulties for the process.

The instructor may wish to use this activity as an opportunity for discussing problems which have surfaced in the module, drawing the relationships of these to the "back home" situation and earlier points about the MBO process.

Activity 19 (.50 hr.): Lecturette, "Action Planning"

Objective: To provide participants with an awareness of action planning.

Recommended Instructional Topics:

1. Action Planning: The Means For Achieving Results.
2. Relationship of Action Planning To Strategic Planning.
3. Techniques of Action Planning: CPM/PERT
4. The Impact of Action Planning on Ambiguous Managing.
5. Resource Scheduling.
6. Tools For Action Planning.

Activity 20 (1.50 hr.): Role-Playing

Objective: To provide participants with an understanding of the relationship of action planning to objectives and implementation.

In this activity, the instructor divides the group into two subgroups, asking each group to develop action plans for two organizational objectives which are related but different. Too, the instructor informs the groups that they are to play their simulated roles in the context of program terms (the action plan is a program for doing something). The groups should be encouraged to use available resources. Finally, each group should post its results when finished.

Activity 21 (.50 hr.): Process

Objective: To provide participants with an understanding of the importance of considering the complex relationships involved in developing action plans.

In this activity the instructor should lead the group in evaluating the action plans in terms of their appropriateness to the achievement of the specified objectives. The instructor should ensure that the participants see the importance of who is responsible for what actions when, where and in what contexts.

Activity 22 (.25 hr.): Lecturette, "Murphy's Law and the Budget"

Objective: To provide participants with an awareness of the relationship of the MBO to the budgetary process.

Recommended Instructional Topics:

1. Rational Decision Making And The Budget Process.

2. Systemic Considerations: MBO and Budget Relationships.

3. Consequences of Ignoring The Budget Process In Creating An MBO Cycle.

Activity 23 (1:0 hr.): Problem-Solving Simulation

Objective: To provide participants with an opportunity to deal with a real-world problem.

The instructor poses the following problem to the group:

Due to an unusually hard freeze, the frost line dropped this past winter. As a consequence, there must be a substantial acceleration of replacement of the aged water mains in Gobbler City. The first year cost of this effort is estimated at 3% of the city's total budget. Since the property tax revenues have not kept pace with inflation, no federal or state funds are available, and it is a council election year, this unexpected expense must be met by adjustments in other areas.

Your task as a group is to modify your objectives and action plans accordingly.

Activity 24 (.50 hr.): Evaluation and Feedback

Objective: To provide the participants with an opportunity to critically access the decisions made.

The instructor should guide the group in addressing two questions; how the modification was attempted in terms of the objectives and the integrity of the MBO process; and, how the modification of the action plans was accomplished. Particular attention should be given to the strategies of modification and the consideration of negotiation and conflict under such conditions. It is not uncommon, for example, for participants to ignore the priorities they have established, making across-the-board cuts.

Activity 25 (.25 hr.): Lecturette: "Periodic Review"

Objective: To provide participants with an understanding of the importance of periodic review to the MBO process.

Recommended Instructional Topics:

1. Control In MBO.
2. Periodic Review and Contingency Planning.
3. Timing Periodic Review.
4. Handling Problems In Periodic Reviews.

Activity 26 (.50 hr.): Role-Playing

Objective: To provide participants with an experiential understanding of periodic review.

The instructor should select one of the participant's departmental objectives and indicate that in specific areas the department is not achieving its objectives. The participant is asked to meet with the manager for the periodic review session. No instructions are given to the manager. One-half of the other participants are asked to observe the process in their roles as department heads, and the other half of the group is asked to observe the process in their roles as assistants.

Activity 27 (.50 hr.): Process

Objective: To critically assess the observed periodic review.

The instructor should first ask the participants in the periodic review to assess their perceptions. Then the instructor should elicit comments from the "supervisors" and the "subordinates" as to their observations of the process ("subordinates" first). Finally, the instructor should provide comments on the process and the observations in terms of the concepts of control and motivation, particularly stressing the "helping nature" of the periodic review in terms of the larger process.

Activity 28 (1:0 hr.): Lecturette: "Performance Appraisal, Self-Control, and Implementation."

Objective: To provide participants with an awareness of the distinctions between appraisal, self-control, and periodic review.

Recommended Instructional Topics:

1. Discuss implementation briefly, and why it is not a part of the module (time constraint and unreasonable nature of implementing in a simulation).
2. Discuss Relationship of Implementation To Self-Control.

3. Discuss relationships of action planning to implementation and self-control.

4. Discuss the importance of control in terms of operations rather than people by utilizing the assumptions of theory X and theory Y.

5. Discuss needs and motives of people in the organization, and the managing of these.

6. Discuss types of performance appraisal and techniques for appraising performance.

Activity 29 (.50 hr.): Role-Playing, Performance Appraisal

Objective: To provide participants with an opportunity to critically observe performance appraisal.

In this activity the instructor again selects a participant for undergoing the performance review. In this instance, the individual's objectives are used. The instructor indicates to the participant that they have failed in a specified degree to meet one each of their personal and performance objectives. The participant is asked to meet with their immediate supervisor for their performance appraisal. One half of the group is asked to observe the process as department heads, while the other half of the group observes as subordinates.

Activity 30 (.50 hr.): Assessment and Feedback

Objective: To provide participants with an opportunity to develop an understanding of the dynamics of performance appraisal.

The instructor should solicit the perceptions of the performance appraisal, participants first, and then the comments of the observers. Then, the instructor should provide feedback in terms of personal styles in performance appraisal as well as re-stressing the need for focusing not on personalities but rather on what is observed, expected and future actions in terms of performance.

Activity 31 (1.0 hr.): Lecture: "MBO In Perspective"

Objective: To provide the participants with a knowledge of MBO in terms of its strengths and weaknesses, problems, and its affect on managing.

Recommended Instructional Topics:

1. Some Common Pitfalls of MBO.
2. Managing Change.
3. MBO In The Public Service.
4. MBO In The Organizational System.
5. Summary and Conclusions.

Activity 32 (1.0 hr.): Sharing and Feedback

Objective: To provide participants with an opportunity to raise questions after experiencing the module, and to evaluate their experience.

In this activity the instructor should guide the group in addressing questions raised, and provide feedback to the group as to the observations of the instructor. The instructor should ask each participant to evaluate now the success of the module in meeting their objectives and meeting its own objectives. Finally, the instructor should elicit suggestions for improving the module (it would be appreciated if these were conveyed to the author).

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APPENDIX

Participants Materials

GOBBLER CITY

Background

Gobbler City is a community which was designed for about 7,500 persons. Due to annexation, natural growth and the growth of the university located in Gobbler City the population is now in excess of 45,000. The community is located in a valley between two mountain ranges near a major urban area but serves in its own right as a regional center of sorts for other, smaller cities near it as well as for the surrounding agricultural areas. With its relatively balanced and stable tax base and low unemployment, Gobbler City is the envey of many of its neighboring communities and is viewed by these units of government and the county as the "rich" plum in the area. In addition to tis numerous small retail businesses, Gobbler City enjoys six other major economic bases, a university with nearly 20,000 students (about 25% of which live on-campus, 25% live off-campus in Gobbler City and the remainder commute), a division of a major kitchen appliances manufacturer, an arsenal, a major railroad repair yard, a small industrial park, and a number of university spin-off firms.

The university employs in excess of 3,000 persons ranging from unskilled to highly skilled persons, the appliance manufacturer employs about 2,000 unskilled and semi-skilled workers, the arsenal employs about 500 semi-skilled and skilled workers, the railroad yard employs nearly 450 semi-skilled and skilled workers, the industrial park provides employment for nearly 400 unskilled and semi-skilled workers, the university spin-off firms employ about 200 persons with diverse skills, and there are about 1000 persons employed in the various community retail and service enterprises. While not all of these employees live in Gobbler City, many do.

Gobbler City has about 3,000 minority persons, most of whom are dispersed throughout the city (although there is a rather large cluster in the northwestern part of the city, and about 1,500 minority persons reside in North Gobbler City--an unincorporated area near the northwestern edge of the city). Many of these persons live in low and moderate-cost housing. Due to political pressures and early planning errors however, most of the major economic bases (except the university and the arsenal) are located on the city's eastern edge. While this is convenient for persons living east of Gobbler City, or those living on the eastside, it has created substantial traffic problems for Gobbler City. These problems are compounded by the fact that the university occupies a significant portion of the city's southwestern quadrant. While the state recently extended a four-lane highway around Gobbler City in an effort to alleviate its traffic problems (some stories indicate the raod was extended to provide easy access to the football stadium), the road has provided easier access to the community and thereby increased the traffic into Gobbler City.

While the community's growth is slowing down, all projections indicate continued growth. Although property in the city is generally well-maintained, the community has grown rapidly, initially due to the rapid growth of the university. As a result, numerous subdivisions have been created by developers. Some of these have been annexed by Gobbler City (much to the displeasure of the county) but others remain outside the city. Regardless, the city has been somewhat lax in its planning for growth and the demands it would place on city services. Too, in this and other areas, there have been numerous conflicts develop of a "town-gown" nature. The university recently decided, for instance, to permit all students to bring their automobiles to campus. No effort was made by the university to work with Gobbler City officials on ascertaining the impact of this decision on the community, nor has the university indicated a willingness to assist the community with the additional traffic problems created by the decision. Too, the university has shown little concern for the problems students create for the community (e.g., living in unsafe housing and creating unsanitary conditions, refusing to pay city service fees, adding to law enforcement problems). Moreover, residents of the city affiliated with the university have lead the demands upon the city for more and better services without increased taxes. Although the city has kept pace to some extent, with these demands by adding new services and employees, it has ignored other community needs such as public transportation for low-income persons, street maintenance, and public works and utility developments. (Some of the recently annexed areas lack, for example, city sewer and water services). While the city's schools are a part of the county unit system, there is a developing movement to remove the schools in the city from the control of the county.

Similar to most cities, Gobbler City is in a number of special districts: water, sewage, mosquito and pest abatement planning, economic development, library water conservation, sanitary landfill, federal forest preserve, and solid waste. Many of the neighboring communities are not pleased at the relative success of Gobbler City, and to say the least, these communities are not favorably disposed to engage in cooperative efforts aimed at resolving mutual problems, particularly when these problems appear to be Gobbler City's.

Just prior to the recent retirement of the city's long-time manager, the community had completed a "Goals for Gobbler City" project. While the goals were adopted by the city council, it took no further action on the goals pending the hiring of a new manager. In the past year the city hired a new city manager, indicating publically that they expected the new manager to do something about the goals and improve things.

After careful study of the city and its problems, the new manager thinks management by objectives may provide the appropriate basis for developing the city's organization so that it can be more efficient and effective in responding to the community's problems and needs. In the past, the city has operated on a "top-down" approach. For example, the previous city manager instituted program budgeting in response to council

pressure, which anticipated the mandating of program budgeting for local units oy the state. However, due to local realities, the city maintains the old line-item budget as well as the program budget. While the new manager thinks that zero-based budgeting may be more appropriate for the city's problems, the community's past experiences suggest that it would fail due to organizational dynamics.

At present the city's organization is a set of fiefdoms with little communication but great competition between units. Moreover, department heads are uncertain as to the direction the city is going, and many feel threatened by the public utterances of the council about the goals. As a result, there is a tenseness throughout the organization, low morale and declining productivity.

Although it may be anticipated that the governing body will be responsive to the new manager's highly professionalized management approach (in their minds, "business-like"), it is unlikely that the council will tolerate wholesale reorganization and personnel shifts. Too, public funds are austere and it is improbable that the council would support any efforts which would lead to increased taxes (despite program budgeting, the city's budget has continued to grow particularly in administrative areas). As it is, the council thinks that the low morale and declining productivity of the city's employees are due to lax management practices and some union-oriented troublemakers. While most of the city's employees have been with the city for a number of years, turnover and greviances have been increasing. Although the previous city manager was quite capable and fair, he had a highly personalized style of leadership and depended upon his long tenure in the city to administer the city's affairs.

The goals for Gobbler City are presented below, as well as the city's organizational chart (shortened), and brief descriptions of key city personnel.

Gobbler City Goals. Resolution of April 5, 19XX, Gobbler City Council

Be it resolved on this date that the goals of the City of Gobbler City be:

1) The protection of citizens from personal harm and property loss;

2) The preservation of the physical and mental well-being of citizens;

3) The provision of opportunities for the intellecutal development and personal enrichment of citizens;

4) The provision of a satisfactory home and community environment for citizens;

5) The provision of economic satisfaction and satisfactory work opportunities for individual citizens;

6) The provision of leisure-time opportunities for citizens;

7) The provision of spatial considerations including transportation, communication and locational opportunities for citizens;

8) The provision of general administration and support deemed necessary to the realization of the previously stated goals.

Signed,

Gregg B. Sandy, Mayor

Certification

Karl A. Butkus,
City Clerk

Key Gobbler City Personnel:

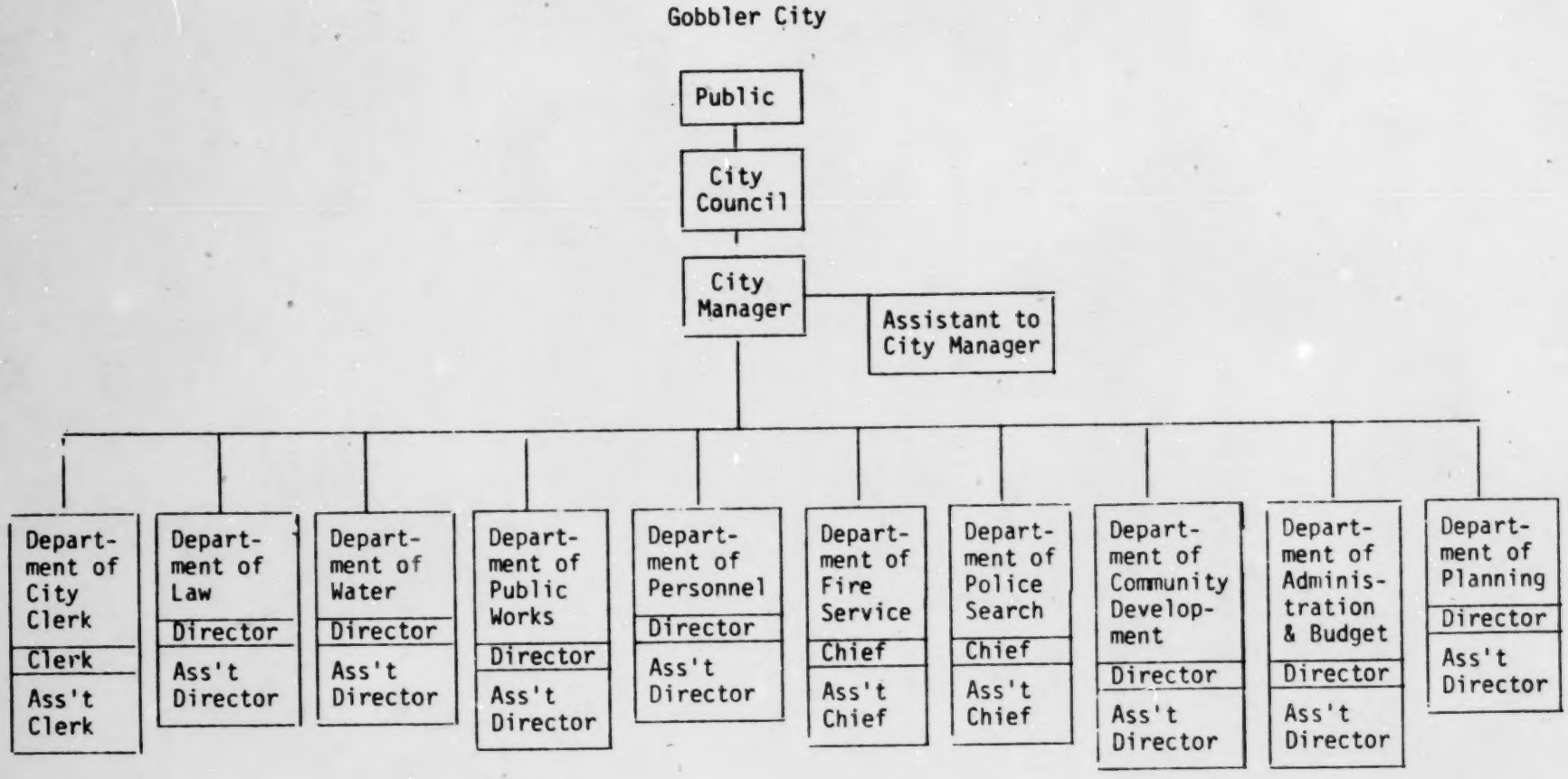
City Manager: W. Morgan. Master degree in urban affairs. Previous experience as an intern in a large city, and as a budget officer, director of administration, and assistant city manager in other cities. Ultimately Morgan would like to be manager of a larger city. Morgan expects a high level of performance from subordinates but this is balanced by a quickly earned reputation for fairness and candor, and personally high performance levels. Too, Morgan's open-door policy and soliciting of input from subordinates is viewed by some as a sign of weakness.

Assistant to the City Manager: D. Gold. Master's degree from the University's urban program (its top student). Recently promoted to the position. Bright, aggressive and a bit over-confident. Gold started as a budget analyst. Some of the senior staff look upon Gold as an upstart, still wet behind the ears.

City Clerk: D. Greg. Associate's degree from business college. Somewhat skeptical about the new manager, more so about assistant. Greg see's little need for changing anything in the operation of the Clerk's office. Greg is quit and follows instructions.

Director of Law: L. J. Smythe. Degree in political science and J. D. from the law school in the state. Smythe thinks the city's management problems are a function of a failure to follow the spirit and letter of the law. Smythe thinks the operations of the law department are efficient and effective: it successfully wins almost all of the cases it is involved in. Symthe started with the city when the law department was a part-time operation, it now has a staff of five.

Director of Water: S. Raine. Engineering graduate from the university. Currently taking courses in urban management. Raine has the reputation of being the best department head. While highly skeptical of MBO, Raine is willing to try it out. Too, Raine has a well-deserved reputation as a trainer of future high-level administrators.


Gobbler City
Public
City Council
City Manager
Assistant to City Manager
Department of City Clerk
Clerk
Ass't Clerk
Department of Law
Director
Ass't Director
Department of Water
Director
Ass't Director
Department of Public Works
Director
Ass't Director
Department of Personnel
Director
Ass't Director
Department of Fire Service
Chief
Ass't Chief
Department of Police Search
Chief
Ass't Chief
Department of Community Development
Director
Ass't Director
Department of Administration & Budget
Director
Ass't Director
Department of Planning
Director
Ass't Director

VI.3.30

Director of Public Works: R. Bedets, Civil engineering graduate of the university. Another of the "old timers" in the organization. Bedets thinks people are paid to work, and should do just that. Bedets is skeptical of non-engineers in general, and thinks that the management problems are a result of imprecision in analyzing work.

Director of Personnel: G. Lynn. Bachelor's degree in government. Retired from military service. Previous personnel experience in industry and the military service. Lynn takes a line and staff view of the organization.

Fire Chief: C. G. Reo. Local high school graduate. Started as a fireman upon graduation from high school. Reo thinks the only way to manage a fire department is to know it from the bottom-up, by experience.

Police Chief: A. W. Zteiss. Associate's degree in criminal justice from the regional community college. A follower of Orlando Wilson. Zteiss worked up through the ranks like Reo but is more outspoken. Zteiss views police organization as essentially military in nature, and expresses considerable disdain for the "new" management. Zteiss thinks there are three kinds of people; those you tell what to do, those you ask to do, and those you show what to do. In Zteiss' experience, most people are of the first kind.

Director of Administration: E. F. Dixon. Master's degree in political science. Previous experience as budget analyst in smaller cities and budget officer in Gobbler City. Dixon was in contention for the manager's job. Is perceived as tough-minded but fair. Dixon is currently looking for a position as manager in another city.

Director of Planning: A. C. Amps. Master's degree in urban and regional planning from the university. Previous experience in a regional planning agency and as a senior planner with the city. Amps tends to be ideological in terms of planning, and is viewed by colleagues as a somewhat careless administrator. However, Amps is considered a highly competent planner. Amps is highly critical of many of the city's policies and ordinances, and thinks that its problems are a result of sloppy planning.

Director of Community Development: B. C. Snow. Master's degree in urban economics. Previous experience with two national public organizations. Intense, Snow is anxious to make things "go" in the community without creating hard feelings or disrupting the emerging pattern of planned growth. Snow has some conflict with members of the community who advocate growth regardless. Snow is viewed as a sensitive administrator who is spends too much time talking with subordinates by some of the senior key staff people. Regardless, Snow's relatively small department is viewed by outsiders as the agency on the move.

Assistant Director of Water: C. A. Chastine. Chastine is a recent engineering graduate of the university with a flair for administration.

A participant in numerous professional training sessions, Chastine is looking forward to the results of the new manager's efforts. However, Chastine is somewhat intolerant of error.

Assistant Director of Public Works: E. Duncan. Duncan is an engineering graduate of the university, and second in seniority to Raine in the department. Duncan is frustrated by an inability to move upward in the heirarchy. Moreover, Duncan thinks that the problems in the Sanitation division of the department are due to the lack of funds and the poor quality workers which the department is forced to hire.

Assistant Fire Chief: P. D. Berry. Berry, like Chief Reo, came-up through the ranks. A high school classmate of the Chief, Berry is called "Shadow" by his peers and subordinates. Despite these comments, Berry is concerned about the low morale in the department and its declining performance. Too, Berry has attempted to keep abreast of new developments in fire administration and management in general through professional meetings and use of the university library.

Assistant Police Chief: R. Poth. Promoted at the insistance of the previous manager. Poth holds a Master's degree in policy administration from the university. Poth went to school part-time while working as a patrol officer. Poth has received several "outstanding officer" awards and, at each career step, was the youngest person ever to hold that slot. Poth is highly thought of by members of the department, except the Chief and some of the other senior officers. Considered a model law enforcement officer, Poth views police administration as professional as that of being a line police officer.

Assistant Director of Personnel: M. Fenster. Master's degree in personnel from the university. Fenster previously worked for the appliances' manufacturer. Fenster is convinced that the problems in the city are due to the merit system.

Assistant Director of Administration: F. E. Beverage. Beverage has a Bachelor's degree in public finance, and is working towards a graduate urban affairs degree at the university. Beverage's current responsibilities include that of budget officer. Beverage has had some conflict with Dixon over budgeting procedures, and advocates ZBB. Because of regular contact with the new manager, Beverage is resented by Dixon.

Assistant Director of Planning: T. A. Sharp. Sharp holds a Master's degree in urban and regional planning from the university, and was recently promoted to the position after an internship and several years in the department. Sharp is concerned about the lack of communication between departments and with other units of government. Unlike Amps, Sharp is sensitive to the pressures on the other governments and less critical of them than Amps.

Assistant Director of Community Development: K. Coleen. Coleen holds a Master's degree in economics from the university. Recently promoted to the position due to a retirement and the success of the

goals project, Coleen is viewed as the future director of community development. Tough-minded but open, Coleen communicates effectively with the different and often conflicting groups affecting Gobbler City.

MANAGEMENT BY OBJECTIVES:
AN OVERVIEW

Prepared by: Kathleen A. Skaugen
and
Alan Walter Steiss

As private and public organizations have become more numerous and more complex, the role of management has become increasingly critical to effective performance. As a consequence, various methods have been devised to contribute to the overall efficiency of management. Many of these techniques have also been successfully evaluated against the broad criteria of creativity, innovation, effectiveness, and flexibility. Management by objectives (MBO) scores well according to these criteria, and given competent and judicious administrators who are willing to make the necessary adjustments in their own approaches to organizational roles and responsibilities, MBO can facilitate the pursuit of effective performance.

Commitment and Productivity

Management by objectives foregoes the rigidity and formal processes of traditional administration for a more open, fluid, and democratic approach. Employees at each level of the organization are called upon to participate in the formulation of objectives which are then integrated with broader organizational objectives. In MBO, it is assumed that the result of this identification and integration process will be commitment to both individual and organizational objectives and that the committed employee--one who is aware of his own role and subsequent progress--is an employee who will display top performance and productivity.

An outstanding feature of management by objectives is the mechanism it provides for review and evaluation of performance. Based on Peter Drucker's concept of self-control, the employee in the evaluation phase has responsibility for the results of his own performance in meeting the objectives which he previously established. He also has the corresponding responsibility for making the necessary adjustments suggested by this evaluation. Thus, management must delegate the authority as well as the responsibility to achieve individual objectives. An often heard complaint in the public sector is that authority is not commensurate with responsibility. While MBO does not address this complaint explicitly its assumptions necessarily strive to correct this situation.

Management By Objectives and the Public Sector

MBO has been recognized as a valuable tool in the private sector for over fifty years. It has only been in recent years, marked by the rapid growth and increasing complexity of the public sector, that MBO has been explored by public organizations. Although not strictly an alternative to Planning--Programming-Budgeting Systems (PPBS), MBO is a highly compatible management system for use with PPBS, program budgeting and other results-oriented organizational systems. As a result, MBO has gained attention and application at the federal level in the wake of PPBS. Interest at the state and local level is quickly following in a response to citizen demands for accountability in terms of results. Given the history of use in the private sector, there is

no shortage of literature or manuals concerning MBO. However, these materials are, for the most part, unresponsive to the different needs and purposes of the public sector. As a consequence, some interpretation of MBO is required to fit it to the unique characteristics of public management.

MBO is a management approach which by its very simplicity provides complex and non-complex organizations with a framework for identifying, integrating, monitoring, and evaluating the objectives of the organization and those of individuals within the organization. Since an integral feature of the technique is the identification of goals, organizational, programmatic and personal objectives, MBO is especially attractive in the public sector. MBO requires that these objectives be measured in either quantifiable or descriptive terms. Such verification is a significant endeavor in the public sector where objectives are frequently and deliberately obscured to achieve political consensus, or where objectives often must undergo significant redefinition when made operational. Furthermore, management by objectives seeks to provide meaning to both staff and management activities, in personal and organizational terms, by relating these activities to clarified objectives and, subsequently, by integrating these objectives with the broader organizational goals. In the MBO cycle, personnel become aware not only of <u>what</u> they do but also <u>why</u> they do it, and <u>how</u> their activities relate to organizational objectives and goals; <u>what</u> the organization is trying to accomplish, <u>what</u> their individual performance targets are, and <u>what</u> their progress has been toward these targets. Since MBO involves personnel, in either a "top-down" and/or a "bottom-up" approach, throughout its cycle, it may be anticipated that the increased awareness and understanding of personnel regarding their roles in the organization will improve motivation and strengthen the commitment towards efficient and effective performance as well as greater productivity.

As Peter Drucker, one of the earliest writers on the subject of management by objectives, relates in a current publication:

> The ultimate result of management by objectives is decision. . . Unless MBO leads to decision, it has no results at all: it has been a waste of time and effort. The test of MBO is not knowledge, but effective action. This means, above all, risk-taking decisions.[1]

When decisions are made in the context of goals and clearly defined objectives, the utility and relevance of such decisions can be more carefully appraised. An effective manager is willing to take risks when both the management process and information encourages risk taking decisions to be made. When risk taking decisions are seen as contributing to the achievement of organizational, programmatic, and personal objectives, a climate and justification exists for such decisions which organizations depend upon for innovation and change. MBO

is only one procedure leading to more effective decision-making and performance, however. Furthermore, MBO is a process and therefore, cannot guarantee effective performance or changes in leadership styles. Applied in conjunction with other management techniques, however, MBO is a potentially valuable tool for use in the public sector.

With the increasing use of systems and policy analysis at all levels of government, it has been recognized that a " . . . major difficulty in evaluating the accomplishment of goals stems from the inadequate information and communication for setting program objectives."[2] MBO attacks this problem at several points. Open communication is a keystone to the whole concept of MBO. Superior and subordinate identify, discuss, and evaluate individual objectives and relate these to the broader context of the program and/or organizational objectives. Specific techniques, such as milestone charts, enable both the superviser and subordinate to assess progress towards the achievement of objectives for performance evaluation purposes. Obviously, clear definitions as well as quantified and descriptive measures are required for MBO to effectively span the cycle of objectives formulation to performance evaluation to the realization or reassessment of objectives.

Establishing Program Objectives For MBO

The requisite of defined and empirically verifiable objectives, in large measure, differentiates the utilization and advantages of MBO in the public sector from its private sector applications. Brady in his classic article on the implementation of MBO in the Department of health, Education and Welfare, expressed this distinction as,

> . . . . whether this method of management believed by many to depend on the discipline of a profit and loss statement for successful operation, could be adapted to an organization that must utilimately measure success in terms of improving the quality of life.[3]

Problems of Ambiguity

A common problem of the public sector and its programs is that objectives are not only difficult to define but also are not readily adaptable to empirical measurement. The nature of public sector activities tends to be ambiguous, while the interrelationship of public sector administration with the political environment introduces further ambiguity. In the first instance, it is difficult to manage programs effectively in accord with objectives when these objectives

are virtually meaningless. Specificity is necessary. When objectives are to improve living environments, to provide children with a decent education, or to maintain law and order, little has actually been declared except for broad intentions. There is little basis in such a system as the latter for a sound, efficient operating program in which staff members are aware of their roles and their contributions to agreed-upon objectives. When procedures, manuals, and guidelines are based upon such obscure, ill-defined objectives, performance and its measurement are arbitrary. Often, however, it is a case of sub-objectives not having been established. To fully operationalize many public programs, it is necessary to move down a hierarchy of objectives which corresponds with the organizational structure. It is at the level of subobjectives that the MBO cycle must be initiated with full staff participation. If MBO is to contribute to more effective and efficient performance and program management, however, MBO must be premised upon communication and information flow concerning these objectives and subobjectives.

MBO can also be seen as having the " . . . potential for re-assuring legislators and the polity that government units actually are committed to specifying objectives and to reporting progress toward them."[4] While primarily an internal management system, MBO can and ought to provide information to the legislature and the public. It should serve as a tool for information dissemination and public sector accountability.

Multiple and Conflicting Objectives

In the public sector, programs and organizations are fiscally dependent upon the continuing goodwill and support of the legislative body. It is this dependence which contributes to the ambiguity in objectives, for ambiguity frequently is the product of attempting to evolve consensus among widely polarized factions. Political compromise can be a powerful deterrent to identifying program objectives as required by MBO. Indeed, at the federal level, objectives for various organizations have withstood decades of debate and numerous presidential administrations without ever being finally delineated. On the other hand, delimiting objectives corresponding to programs and organizations, reduces the possibilities of inefficiencies and ineffectiveness occurring as a result of unknown overlapping of organizational and program activities, and enhances the awareness of participants of the critical linkages between and within organizational program activities. As Drucker has observed: " . . . the most important result of management by objectives is that it forces the administrator into the realization that there cannot be one single objective, notwithstanding the language of policy statements, whether acts of Congress or administrative declarations."[5]

When attempts are made to identify these objectives, it is likely and desirable that not only multiple objectives but also conflicting objectives will be discovered. Whether or not these conflicting ob-

jectives can be reconciled, or whether they must be merely recorded as constraints within which the program manager must live, awareness of their existence is essential. One commentator goes so far as to say that " . . . the identification of conflict in objectives is one of the salient benefits of MBO."[6] Again, the ultimate result of MBO is to facilitate decision-making and "effective action." To the extent that conflicting objectives are a part of the input and the environment in which these decisions must be made, awareness of their existence can facilitate the decision-making process.

If it seems that too much attention has been given to the delineation of objectives, it is because here lies the major difficulty to implementing and utilizing MBO in the public sector. The establishment of objectives is a much more difficult task in the public sector than in the private sector because no public organization is a closed system. Thus, if MBO is to be successfully adopted to the public sector attention must be given to this potential problem area. That this additional and unique difficulty to using MBO in the public sector exists, should not be used as an argument to diminish as to its potential contributions to public management. To a great extent, these difficulties only indicate the greater need for and potential value of such a management technique as MBO. The elements of MBO and its potential value as a management system can only contribute to the accountability and performance in the public sector. One author has cautioned that in using MBO:

> The decision to set specific objectives is not enough by itself. The objectives must be set after a careful analysis of what needs to be done and what is necessary to accomplish the objective. In the final analysis, this means that MBO, the process of setting objectives and managing toward their achievement is but one element in a complex analytical/political/managerial decision making process.[7]

Thus, if MBO is to be more than just another fad, its limitations must be recognized and the manager must not anticipate results in excess of what the process is capable of producing.

Management By Objectives and the Individual

An idea repeatedly found in the MBO literature is that the ultimate goal of MBO is employee participation in management. The technique of participative management actually predated MBO as a technique. As Drucker has observed, the correct concept applicable to MBO is not employee participation but commitment. MBO assumes that those employees who are involved in the formulation of objectives exhibit a commitment to these objectives, thereby resulting in increased productivity and improved performance. While it is true that employees do participate in erstwhile management functions, they only do so as concerns their immediate areas of responsibility. Such areas of responsibility must also be clearly defined as a part of making any MBO

system operative. Since evaluation of performance is an integral element of an operating MBO system, the identification of goals and specification of their derived objectives results in a cyclical process of (see Figure 1):

1. Ascertaining organizational goals.
2. Ascertaining organizational objectives.
3. Ascertaining organizational sub-objectives appropriate to its structure (e.g.): departmental and divisional.
4. Ascertaining individual goals and objectives (personal and performance) which are compatible with, and supportive of, those of the organization.
5. Developing action plans for the achievement of objectives.
6. Interfacing action plans with budgetary process.
7. Implementing action plans.
8. Periodically reviewing activities in terms of action plans.
9. Appraising and reviewing performance.
10. Modifying goals and objectives to begin a new iteration of the MBO process.

Since accountability is clearly delineated in the MBO process and includes self-evaluation, as well as assuming the commitment of the individual to objectives, failure or success in meeting objectives serves as a powerful stimulus for the individual.

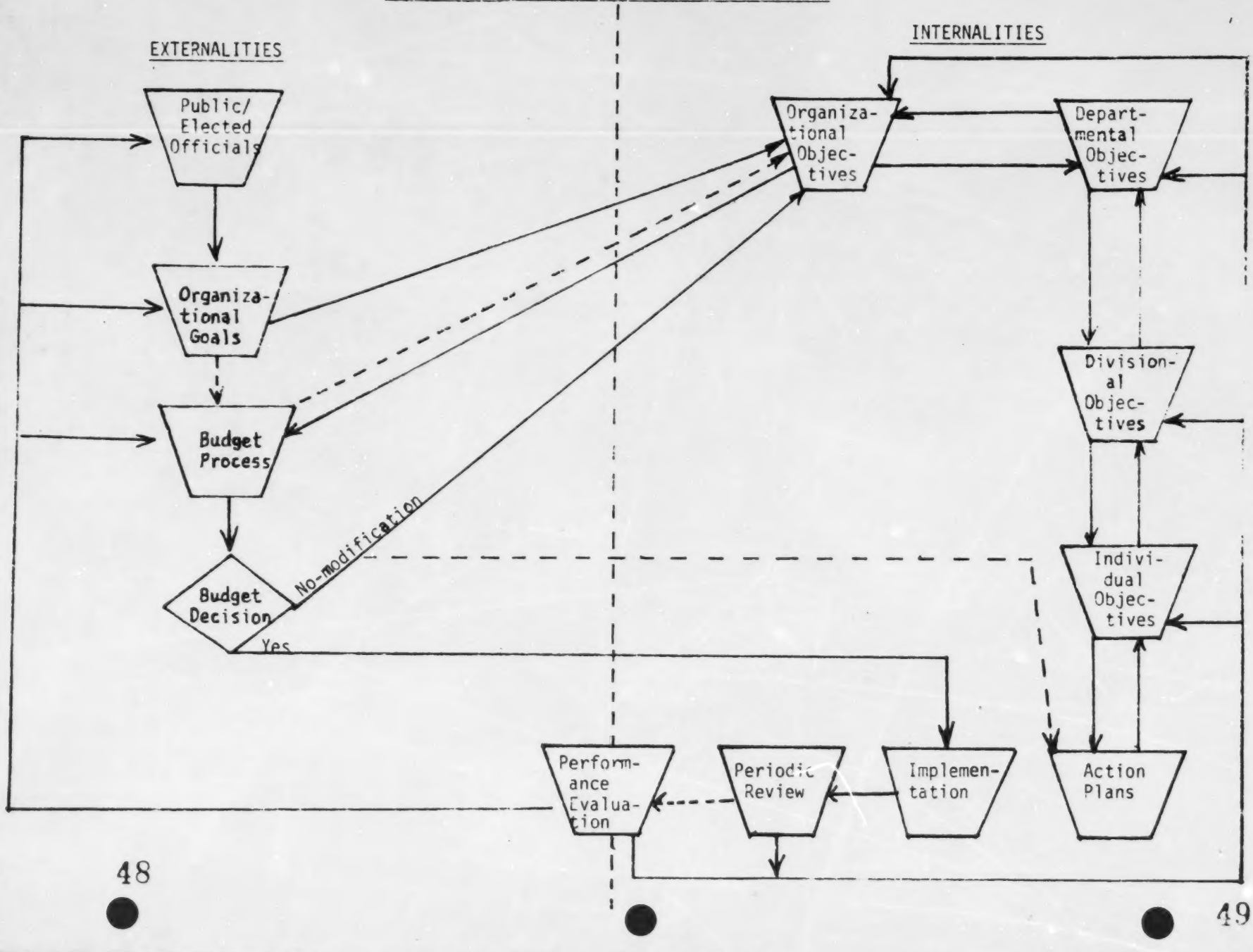
This approach to evaluation departs significantly from other methods of performance evaluation such as those which involve check-lists of work-habits or subjective comments on work incidents. When evaluation is based upon individual performance relative to objectives which the employee has shared in formulating, the responsibility for results is clearly identified and understood. Most simply, MBO provides a feedback mechanism based upon individual objectives, integrating these with successive levels of organizational objectives, evaluating performance relative to meeting objectives, and finally, making the necessary adjustments prior to recommencing the cycle.

It is the assumptions about the individual that distinguishes MBO from many other approaches to management. MBO assumes that the traditional incentives of money, promotion, and other status symbols are often insufficient as responses to many needs of the individual. Thus, MBO builds on the notion that work can provide a source of commitment and satisfaction to the individual and thereby, motivate the individual to meet higher level needs beyond those of immediate economic gratification.

In the beginning of any MBO program, there must be a clear understanding by the individual and the manager concerning what the individual's job entails. Areas of responsibility and corresponding objectives must be clear and specific. The public sector provides employees with job descriptions but these may or may not be adequate to meet the needs of MBO. More importantly, application of MBO requires that understanding of the job be achieved through dialogue between the manager and the employee. As a result of the new emphasis upon defining jobs and responsibilities, the need may arise to further

Figure 1

Managing by Objectives in the Public Sector



VI.3.40

clarify what a job actually is relative to the organizational effort. Having achieved this understanding, it is assumed that the individual is capable of recognizing personal areas of responsibility and proceeding with the critical task of formulating objectives related to the job and its performance.

In an operative MBO system, the individual's needs and roles are addressed, providing a framework where maximum potential and satisfaction hopefully can be achieved to the eventual advantage of the program and the organization. Conflicts between individual and organizational objectives are brought to the attention of the manager, rather than remaining as a debilitating factor at a subsurface level. Individual weaknesses and strengths are examined to produce the most efficient use of resources and the most effective administration and operation of the organization. In the public sector where human resources are used intensely, MBO contributes to the potential satisfaction and performance of the individual, and subsequently enhances the ability of the program and/or organization to promote the general welfare.

MBO and the Manager

MBO increases not only self-control or autonomy but also accountability. Whereas the individual has virtual self control in producing his expected results, the manager has a more well-defined overview of individual job responsibilities. Thus, the manager can better hold certain departments, agencies or individuals accountable for failures and successes. While in one sense MBO advocates a certain laissez faire approach to management, it also provides the necessary feedback mechanism so that managers can quickly identify and respond to problems that develop. Again, flexibility and adaptability to change are salient features of MBO.

MBO creates a framework which is strongly antithetical to crisis-oriented, ad hoc management. This factor contributes to an efficiency in procedures. MBO operates most effectively and efficiently under a synergistic, systemic approach to management (that is, where concern is for the total organization). It is this systemic manager who is willing to take risks to achieve organizational objectives. This concern for risk, relative to the objectives of the system, distinguishes valid risk-taking decisions from mere opportunism. To the extent that it is the purpose of MBO to identify and specify objectives against which decisions can be made, MBO is most compatible and useful with a systemic management approach. MBO provides the framework in which decisions can be evaluated as to what is relevant and purposeful to organizational objectives. Thus, a balance between decisions of a stability-maintenance nature and those of a risk-innovation nature can be maintained. It is only through the latter that change can be introduced to programs to assure their continuing viability and purpose. MBO provides a valuable input into decision-making processes of the systemic manager by allowing him to assess the potential effects of his

decisions against the objectives and directions of the organization.

The commitment to, and understanding of MBO by management is essential to its successful implementation and utilization. Brady has observed from his experience with MBO at the federal level that:

> (T)he primary constraint to the success of MBO at HEW has been an attitude on the part of some managers that the regular attention required of them by such a system is either (a) not consistent with their roles or (b) not as effective a way to manage as some other approach.[8]

Although some advocates argue that MBO is more successful when the manager operates with a participative management technique, other methods may work equally well (e.g., imposition by chief elected officials or chief administrative officers). The important point to keep in mind is that in making a decision to use a method, or combination of methods, the manager should assess the organizational climate.[9] Certainly, one method or another will be more natural to serve managers than others depending upon their personalities and personal theories of management. Since commitment is a critical factor to the successful implementation of MBO, and commitment is related to the degree of involvement of the individual, it would appear that the successful implementation of MBO would require more than the nominal participation of members of the organization. The implementation of MBO does have significant implications for the role of the manager, especially for the manager who, in the classical sense, sees himself in an authoritative role. Changing these views is often difficult if not impossible. Resistance from such managers can be a serious liability to the implementation and utilization of MBO.

When MBO is introduced, care must be given not to introduce the technique as a threat to functions of the managers, but as a tool for their use. Care also must be taken so that managers do understand what MBO is, concerning both its merits, and shortcomings. To the extent possible, experience should be obtained in MBO prior to implementation. Managers must be able to anticipate problems in the initial phases of MBO if it is not to cause frustration and to be discarded prematurely. Knowledge of concepts and techniques is never sufficient; skill and practical knowledge is always necessary. Various organizations and programs will have their own unique characteristics to which the manager must be sensitive in introducing MBO. Again, however, commitments of top-level managers are essential to the effective implementation and operation of MBO; resistance at this level is the greatest constraint. Management by objectives can potentially contribute to improving performance and productivity in the public sector. At a time when productivity in the public sector has become an important issue, MBO is a tool whose utilization ought to be considered seriously as an operative technique of management.

Some Pitfalls To MBO

There is nothing inherent in MBO which guarantees its success by a program or organization. Success is ultimately dependent upon the commitment and understanding of management. Furthermore, attention must be given to recognizing what MBO is and is not; and MBO must be used with full awareness of its assumptions. Otherwise, MBO will surely lead to frustrations and incorrect applications and expectations.

One of the features of MBO which may lead to problems in its application, is that "MBO encompasses little formal administrative machinery."[10] Unlike many techniques, MBO does not necessarily generate a great amount of forms and paperwork. On the other hand, MBO is based on the assumption that an adequate management system exists. While it is doubtful that MBO can be operative without a management information system, such a system can operate quite independently and effectively without MBO. The implications of these relationships are that an organization seeking to implement MBO should have a management information system and must be careful not to confuse one for the other.

While MBO does recognize multi-objective situations as well as conflicting objectives, MBO tends to focus on short term goals and objectives. Again, this is a strength rather than a flaw in the technique. If management is aware of this feature as a possible shortcoming and the focus is broadened by complementary techniques, then MBO can perform without undeserved criticisms.

MBO does assume that " . . . organizations are 'closed' and participants in the decision process are easily identified."[11] This assumption can be problematic for the public sector where programs and policies, far from being "closed," involve and propagate numerous interest groups and lobbying concerns. Where official organization ends and interest group begins is often difficult to discern. This "open situation" can certainly confuse the identification of participants in the decision-making and objective setting process.

Perhaps the greatest danger in establishing MBO is to expect too much concerning what can accomplish and/or expecting its results too soon in the public sector. It cannot solve all of the problems of government accountability, nor increase employee satisfaction by 100 percent, nor end the problems of measuring government productivity. Given the proper chance, however, it can provide considerable assistance in these areas as well as others.

Conclusion

Although not a complete management tool, MBO can certainly function as a primary one. While recent criticisms have been raised as to its

pressuring the individual and its being valuable only as a complementary technique, most criticisms do not challenge the basic ability of MBO to improve decision-making. These criticisms challenge specific features of MBO, not its merits as a concept. MBO, on the other hand, should not be oversold. It is not a complete answer to the multifarious problems of management, nor does it pretend to be. But given the proper perspective, MBO can provide the public sector with a broad framework for decision-making which embraces and integrates the range of goals and objectives from individual to organization. While it is unrealistic to anticipate that a single technique can transform all objectives into clearly specified, rational statements accepted by committed personnel, a technique which can contribute to this direction must be examined in the search for increasing government productivity, establishing public sector accountability and, above all, improving public sector decision making.

FOOTNOTES

1. Peter Drucker, "What Results Should You Expect? A Users' Guide to MBO," Public Administration Review (January-February, 1976), p. 19.

2. Harry S. Havens, "MBO and Program Evaluation, Or Whatever Happened to PPBS," Public Administration Review (January-February, 1976), p. 5.

3. Rodney H. Brady, "MBO Goes To Work In The Public Sector," Harvard Business Review (March-April, 1973), p. 66.

4. Frank P. Sherwood and William J. Page, "MBO and Public Management," Public Administration Review (January-February, 1976), p. 11.

5. Drucker, op. cit., p. 14.

6. Bruce H. DeWoolfson, "Public Sector MBO and PPB: Cross Fertilization in Management Systems," Public Administration Review (July-August 1975), p. 388.

7. Havens, op. cit., p. 45.

8. Brady, op. cit., p. 71.

9. George S. Odiorne, Management By Objectives (Belmont, CA: Pitman Publishing Corporation, 1965), p. 140.

10. Woolfson, op. cit., p. 389.

11. Sherwood, op. cit., p. 8.